

April 5, 2005

Mr. James P. Joseph


Dear Mr. Joseph:

It was disappointing that you chose not to respond to the issues I raised in my March 10, 2005 letter. Without such a response, the Board is at a significant disadvantage and is left on its own to untangle the substantial contradictions of your account.

My concern in this reply to your March 30, 2005 letter is not with the amount of my compensation but with the incomplete information and contradictions in the facts made available to the Trustees.

Your letter claims that my report of the Board's approval of my fiscal year 2005 incentive and deferred compensation is incorrect. However, George Collins' November 28, 2004 letter states unequivocally that, "The Board of Trustees has approved FY05 incentive and deferred compensation for President Ladner" [emphasis added; attachment sent by hard copy]. Moreover, I have already received these FY05 compensation payments according to the schedule authorized by Mr. Collins and verified by the W-2 form.

Contrary to your claim that my FY05 compensation was actually intended to be my FY04 compensation, Mr. Collins' letter verifies that the payments I received constitute my FY05 incentive and deferred compensation for July 1, 2004–June 30, 2005. (My FY05 salary increase was to be decided later—at the February 2005 meeting, I presumed.)

Your letter also says the Board has taken no action with respect to my FY05 performance and, therefore, cannot determine the amount of my incentive bonus based on this period "until after June 30, 2005." Obviously, the action the Board takes after June 30 2005 will establish my FY06 compensation. However, you then contradict this by notifying me that the Board will meet in April 2005 "to vote on [my] final compensation package for the July 1, 2004 – June 30, 2005 period."

Since (a) I will not complete my FY05 performance period until June 30, 2005; (b) you have said rightly that my FY05 performance cannot be evaluated until after June 30, 2005; and (c) I have already received my FY05 (July 1, 2004–June 30, 2005) incentive and deferred compensation, what exactly is the Board being asked to vote on in April?

It cannot be a vote on my FY05 compensation, since, as Mr. Collins' letter confirms, that was approved at the November 2004 meeting and paid according to Mr. Collins' instructions. It cannot be a vote on my FY05 performance, since that will not be completed

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until June 30, 2005. It cannot be a vote on my FY06 compensation, since that will be based on an evaluation of my FY05 performance, which will not be concluded until June 30, 2005.

I can only presume the Board is being asked to amend the November 2004 action reported in Mr. Collins' letter that set my FY05 compensation. If that is the case, the questions in my previous letter are relevant. Have you clarified this confusion with the Board? Is the Board fully aware that it is being asked to alter actions confirmed by Mr. Collins' November 28, 2004 letter? These and other questions have been central to my request for clarification these past few months.

Even though you have said you prefer not to deal with such questions, I do not believe the Board has been properly briefed or will be able to make informed decisions unless they are addressed.

Sincerely,

Benjamin Ladner
President

c: Board of Trustees

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